



# RULE-MAKING ORDER

(RCW 34.05.360)

**CR-103** (7/22/01)

**Agency:** Office of the Insurance Commissioner

- ☒ Permanent Rule  
☐ Emergency Rule  
☐ Expedited Rule Making

**(1) Date of adoption:** 10/18/01

**(2) Purpose:** The adopted rules clarify the filing requirements in WAC 284-07-130. The adopted rules address technical issues that arose after the enactment of RCW 48.05.073 and 48.43.097. The adopted rules harmonize the relationship between those RCWs and WAC and the *NAIC Accounting Practices and Procedures Manual*.

Insurance Commissioner Matter No. R 2001-03

**(3) Citation of existing rules affected by this order:** 284-07-130

Repealed:  
Amended: 284-07-130  
Suspended:

**(4) Statutory authority for adoption:** RCWs 48.02.060, 48.05.073, 48.43.097, 48.44.050, 48.46.200

Other Authority:

## PERMANENT RULE ONLY (Including Expedited Rule Making)

Adopted under notice filed as WSR 01-11-167 on May 23, 2001 (date).

Describe any changes other than editing from proposed to adopted version: None

## EMERGENCY RULE ONLY

Under RCW 34.05.350 the agency for good cause finds:

- ☐ (a) That immediate adoption, amendment, or repeal of a rule is necessary for the preservation of the public health, safety, or general welfare, and that observing the time requirements of notice and opportunity to comment upon adoption of a permanent rule would be contrary to the public interest.
- ☐ (b) That state or federal law or federal rule or a federal deadline for state receipt of federal funds requires immediate adoption of a rule.

Reasons for this finding:

**(5.3) Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?:**

☐ Yes ☒ No If Yes, explain:

**(6) Effective date of rule:**

### Permanent Rules

- ☒ 31 days after filing  
☐ Other (specify) \_\_\_\_\_\*

### Emergency Rules

- ☐ Immediately  
☐ Later (specify) \_\_\_\_\_

\*(If less than 31 days after filing, specific finding in 5.3 under RCW 34.05.380(3) is required)

**Name (Type or Print)**

Mike Kreidler

**Signature**

**Title**

Insurance Commissioner

**Date**

10/18/01

CODE REVISER USE ONLY

(COMPLETE REVERSE SIDE)

**Note: If any category is left blank, it will be calculated as zero.  
No descriptive text.**

Count by whole WAC sections only, from the WAC number through the history note.  
A section may be counted in more than one category.

**The number of sections adopted in order to comply with:**

<b>Federal statute:</b>	New	_____	Amended	_____	Repealed	_____
<b>Federal rules or standards:</b>	New	_____	Amended	_____	Repealed	_____
<b>Recently enacted state statutes:</b>	New	_____	Amended	_____	Repealed	_____

**The number of sections adopted at the request of a nongovernmental entity:**

New	_____	Amended	<u>1</u>	Repealed	_____
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**The number of sections adopted in the agency's own initiative:**

New	_____	Amended	<u>1</u>	Repealed	_____
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**The number of sections adopted in order to clarify, streamline, or reform agency procedures:**

New	_____	Amended	<u>1</u>	Repealed	_____
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**The number of sections adopted using:**

<b>Negotiated rule making:</b>	New	_____	Amended	_____	Repealed	_____
<b>Pilot rule making:</b>	New	_____	Amended	_____	Repealed	_____
<b>Other alternative rule making:</b>	New	_____	Amended	_____	Repealed	_____

AMENDATORY SECTION (Amending Order R 94-2, filed 1/27/94, effective 2/27/94)

**WAC 284-07-130 Contents of annual audited financial report.** (1) The annual audited financial report shall report the financial position of the insurer as of the end of the most recent calendar year and the results of its operations, cash flows, and changes in capital and surplus for the year then ended in conformity with statutory accounting practices prescribed, or otherwise permitted, by the commissioner.

(2) The annual audited financial report shall include the following:

(a) Report of independent certified public accountant.

(b) Balance sheet reporting admitted assets, liabilities, capital, and surplus.

(c) Statement of operations.

(d) Statement of cash flows.

(e) Statement of changes in capital and surplus.

(f) Notes to financial statements. These notes shall be those required by the appropriate NAIC Annual Statement Instructions and ~~((any other notes required by generally accepted accounting principles and))~~ NAIC Accounting Practices and Procedures Manual. The notes shall ~~((also))~~ include ~~((~~

~~((i)))~~ a reconciliation of differences, if any, between the audited statutory financial statements and the annual statement filed pursuant to RCW 48.05.250, 48.05.073, 48.43.050, 48.43.097 48.44.095, or 48.46.080 with a written description of the nature of these differences.

~~((((ii) A summary of ownership and relationships of the insurer and all affiliated companies.))~~

(g) The financial statements included in the audited financial report shall be prepared in a form and using language and groupings substantially the same as the relevant sections of the annual statement of the insurer filed with the commissioner, and the financial statements shall be comparative, presenting the amounts as of December 31. However, in the first year in which an insurer is required to file an audited financial report, the comparative data may be omitted.